

EXECUTIVE SUMMARY

The Arizona Department of Transportation operates the Federal Disadvantaged Business Enterprise (DBE) Program to assist disadvantaged business enterprises on contracts that use U.S. Department of Transportation (USDOT) funds. Every three years, ADOT must set an overall annual goal for participation of DBEs in those contracts. ADOT engaged a team led by Keen Independent Research (Keen Independent) to complete a 2014 Availability Study and this 2015 Disparity Study to provide information to set overall DBE goals and operate the Federal DBE Program.

A. Background

ADOT must set a separate goal for each of three types of USDOT funds it receives. The goal is expressed as the percentage of contract dollars that will go to firms certified as DBEs.¹

- **FHWA-funded contracts.** For federal fiscal years 2012 through 2014, ADOT had an overall DBE goal of 7.76 percent for contracts using Federal Highway Administration (FHWA) funds. ADOT used information from the 2014 Availability Study to set a preliminary three-year goal of 9.38 percent starting October 1, 2014. ADOT projected that it would meet some of its DBE goal through race-neutral means such as small business assistance and the remaining portion through race-conscious measures such as DBE contract goals. The Federal DBE Program applies to FHWA-funded contracts awarded by ADOT and by local agencies that receive FHWA funds through ADOT.

The information in the 2015 Disparity Study provides ADOT more complete information to refine its three-year goal for DBE participation in FHWA-funded contracts and its projection of how much of this goal it can meet through race-neutral means.

- **FTA-funded contracts.** ADOT receives funding through the Federal Transit Administration (FTA). (Most large transit agencies in Arizona directly receive FTA funding and are responsible for their own operation of the Federal DBE Program.) For the three years ending September 30, 2015, ADOT has a 3.82 percent overall DBE goal for FTA-funded contracts. It does not currently use DBE contract goals for these contracts. ADOT must set a new overall DBE goal for FTA-funded contracts for the three years beginning October 1, 2015.

¹ Most firms certified as DBEs are minority- or women-owned firms. White male-owned firms and other ethnicities not listed above can also meet the federal certification requirements and be certified as DBEs if they demonstrate they are both socially and economically disadvantaged, as described in 49 CFR Part 26.67(d).

- **FAA-funded contracts.** ADOT also receives some funds from the Federal Aviation Administration (FAA) for projects at Grand Canyon National Park Airport. Its current overall DBE goal for FAA-funded contracts is 3.30 percent. This goal will continue through September 30, 2016, at which time ADOT will need to establish a new goal. ADOT does not use DBE contract goals for FAA-funded contracts. This Disparity Study provides ADOT information to set its overall DBE goals for FTA- and FAA-funded contracts.

Federal regulations in Title 49 Code of Federal Regulations (CFR) Part 26 and other USDOT guidance direct how an agency such as ADOT (a) sets its overall DBE goals for USDOT-funded contracts, (b) projects how much of its goal it will meet through race-neutral means, and (c) projects the portion of the goal (if any) it will meet through programs such as DBE contract goals.

The 2005 Ninth Circuit Court of Appeals decision in *Western States Paving Co. v. Washington State DOT* is also important for this study. The Court upheld the constitutionality of the Federal DBE Program, but it found that the Washington State DOT failed to show its implementation of the Federal DBE Program to be narrowly tailored (see Chapter 2 of the full report). The Disparity Study provides information for ADOT to ensure that its program meets these legal requirements.

B. Summary of the Disparity Study Research

The Disparity Study began in February 2014. Keen Independent fine-tuned the study process to focus on information most critical to ADOT's operation of the Federal DBE Program.

- Throughout the study, Keen Independent consulted with an Internal Stakeholder Group that included staff across ADOT departments and an External Stakeholder Group composed of business and trade association representatives. ADOT and Keen Independent also met with FHWA officials and local agency representatives. A study website, dedicated email address and a telephone hotline were established for the study.
- The study team was able to examine contracts awarded from July 2007 through June 2013. As ADOT did not resume setting DBE contract goals on FHWA-funded contracts until 2011, this study period included many years in which ADOT operated the Federal DBE Program solely using race-neutral means.
- Keen Independent collected data on ADOT's transportation contracts from multiple sources. The study team also compiled information on local public agency (LPA) contracts that used money administered by ADOT. Keen Independent analyzed more than 2,100 prime contracts (including 466 contracts for local agencies) and 11,000 subcontracts that together totaled \$5 billion.
- Keen Independent included ADOT's state-funded transportation contracts in the study because of their dollar volume and similarity to FHWA-funded highway contracts, and the fact that there are no DBE contract goals on these contracts (by state law).

- Because 95 percent of ADOT contract dollars go to firms with Arizona offices, Keen Independent examined data about the Arizona transportation contracting industry. The study team conducted in-depth interviews with 66 companies and trade associations throughout the state to learn more about marketplace conditions in Arizona.
- Most of ADOT's transportation contract dollars are related to highway construction and engineering, but the study also includes vertical construction, planning studies, transit services and other types of transportation-related work. Keen Independent classified ADOT work into 40 different subindustries.
- The study team completed telephone interviews with 5,185 Arizona businesses in these subindustries to determine the availability of different types of businesses for individual prime contracts and subcontracts. The availability analysis also examined the size and location of prime contracts and subcontracts when determining firms available for specific ADOT contracts. The final availability database included information for 1,429 companies expressing qualifications and interest in ADOT or local agency work.
- Keen Independent identified the race, ethnicity and gender ownership of companies receiving ADOT prime contracts and subcontracts through a combination of sources, including telephone interviews with those firms. The utilization and availability analysis examined minority-owned firms (by race and ethnicity), white women-owned firms and majority-owned firms (firms that are not minority- or women-owned). ADOT reviewed these data before Keen Independent completed the disparity analysis.
- After completing the availability analysis for FHWA-funded contracts, Keen Independent published a draft 2014 Availability Study for public comment and input. Keen Independent also attended each of the four public meetings in Yuma, Tucson, Flagstaff and Phoenix in August 2014 concerning ADOT's proposed preliminary overall DBE goal for FHWA-funded contracts. Input at the public meetings as well as written comments were analyzed in final Availability Study report issued in September 2014 and included in this 2015 Disparity Study report.
- Keen Independent published a draft 2015 Disparity Study for public comment and input at the end of May 2015. ADOT held public meetings in July 2015 in Flagstaff, Yuma, Tucson and Phoenix. Keen Independent attended each of the four public meetings. Court reporters transcribed the public comment portion of each public meeting. ADOT received other public comments via email, fax or mail. Results are summarized and analyzed in this study.

The full Disparity Study report is more than 550 pages in length. Please see the full study for a complete discussion of methodology and results. The following presents a brief summary of study findings.

Availability of minority- and women-owned firms and other businesses for ADOT

transportation contracts. Figure ES-1 presents the composition of the 1,429 firms indicating qualifications and interest in ADOT or local agency transportation contracts in the telephone interviews conducted as part of this study. Minority-owned firms (MBEs) comprise about 20 percent of businesses in Arizona available for ADOT transportation contracts. White women-owned firms (WBEs) account for about 15 percent of the companies available for ADOT work. Only a portion of the MBE/WBEs were firms certified as DBEs.

Figure ES-1.
Number of businesses included in
the availability database

Note:

Numbers rounded to nearest tenth of
1 percent. Percentages may not add to
totals due to rounding.

Source:

Keen Independent availability analysis.

Race/ethnicity and gender	Number of firms	Percent of firms
African American-owned	26	1.8 %
Asian-Pacific American-owned	19	1.3
Subcontinent Asian American-owned	18	1.3
Hispanic American-owned	189	13.2
Native American-owned	37	2.6
Total MBE	289	20.2 %
WBE (white women-owned)	211	14.8
Total MBE/WBE	500	35.0 %
Total majority-owned firms	929	65.0
Total firms	1,429	100.0 %

The study team identified the specific characteristics of each of the 13,667 ADOT and local agency prime contracts and subcontracts included in the study and then counted the number of minority-, women- and majority-owned businesses available for each of those prime contracts and subcontracts. After dollar-weighting the results of this contract-by-contract availability analysis, Keen Independent aggregated results for each set of contracts. Even though MBE/WBEs accounted for 35 percent of available firms, availability of MBE/WBEs was less on a dollar-weighted basis. Overall MBE/WBE availability on a dollar weighted basis was:

- 14.53 percent for FHWA-funded contracts;
- 13.39 percent for state-funded contracts;
- 24.78 percent for FAA-funded contracts; and
- 33.74 percent for FTA-funded contracts.

Dollar-weighted MBE/WBE availability was higher for FAA-funded contracts and FTA-funded contracts primarily because of the differing types of work involved in those contracts.

Utilization of minority- and women-owned firms on ADOT contracts. Figure ES-2 on the following page presents overall MBE/WBE utilization (as a percentage of total dollars) on ADOT transportation-related contracts awarded during the study period. Results are for the 13,667 prime contracts and subcontracts for FHWA-, state-, FAA- and FTA-funded contracts. The darker portion of the bar presents the utilization of MBE/WBEs that were DBE-certified.

Focusing on results for the \$3.7 billion in FHWA-funded contracts from July 2007 through June 2013, minority- and women-owned firms obtained 10.2 percent of these contract dollars. About 5.8 percent of the FHWA-funded contract dollars went to firms certified as DBEs during the study period and the difference, 4.4 percent, went to non-certified minority- and women-owned firms.

Compared with FHWA-funded contracts, utilization of DBEs was lower on state-funded contracts (5.2% of contract dollars), but overall participation of minority- and women-owned firms was higher (14.8%). MBE/WBE participation was in the same range for FAA-funded contracts, and on FTA-funded contracts, minority- and women-owned firms obtained nearly one-half of the contract dollars (however, the total dollars for FAA- and FTA-funded contracts was small).

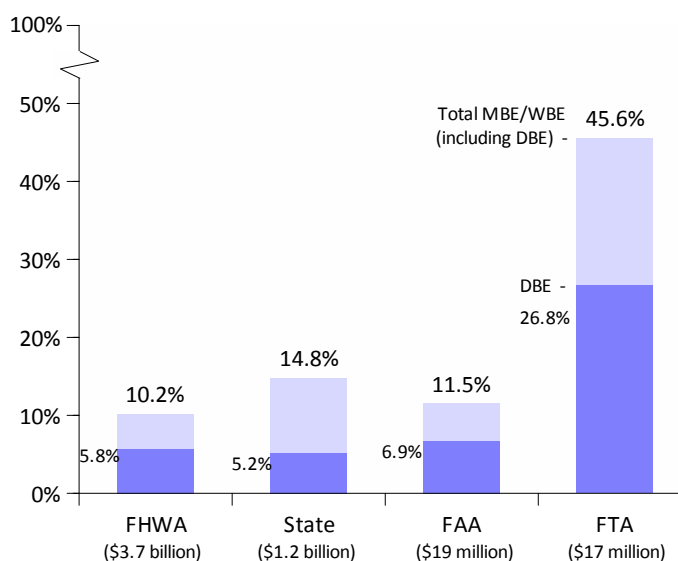
Figure ES-2.
MBE/WBE and DBE share of prime contract/subcontract dollars for ADOT/LPA FHWA-, state-, FAA- and FTA-funded transportation contracts, July 2007-June 2013

Note:

Dark portion of bar is certified DBE utilization.
Number of contracts/subcontracts analyzed is 13,667.

Source:

Keen Independent from data on ADOT and LPA contracts July 2007-June 2013.



Many of the analyses in the Disparity Study combined ADOT's FHWA- and state-funded contracts because of their similarity. The top portion of Figure ES-3, on the following page, presents overall utilization of minority-owned firms (by group) and white women-owned firms on combined FHWA- and state-funded contracts. As shown, Hispanic American-owned firms accounted for much of the utilization of minority-owned firms during the study period.

The bottom portion of Figure ES-3 shows participation of firms certified as DBEs during the study period. DBEs owned by Hispanic Americans, white women and Native Americans accounted for nearly all of the DBE utilization on these contracts.

Figure ES-3.

MBE/WBE and DBE share of ADOT/LPA prime contracts and subcontracts for combined FHWA- and state-funded contracts, July 2007-June 2013

	Total FHWA and State		
	Number of contracts*	\$1,000s	Percent of dollars
MBE/WBEs			
African American-owned	74	\$ 19,933	0.4 %
Asian-Pacific American-owned	41	5,644	0.1
Subcontinent Asian American-owned	158	18,844	0.4
Hispanic American-owned	1,184	161,322	3.3
Native American-owned	175	58,452	1.2
WBE (white women-owned)	2,144	292,672	6.0
Total MBE/WBE	3,776	\$ 373,071	11.3 %
Majority-owned	9,730	4,537,600	88.7
Total	13,506	\$ 4,910,671	100.0 %
DBEs			
African American-owned	33	\$ 1,522	0.0 %
Asian-Pacific American-owned	10	4,714	0.1
Subcontinent Asian American-owned	138	18,503	0.4
Hispanic American-owned	721	102,855	2.1
Native American-owned	141	54,595	1.1
WBE (white women-owned)	828	93,693	1.9
White male-owned DBE	0	0	0.0
Total DBE	1,871	\$ 275,881	5.6 %
Non-DBE	9,477	4,634,790	94.4
Total	11,348	\$ 4,910,671	100.0 %

Note: *Number of prime contracts and subcontracts.

Numbers rounded to nearest tenth of 1 percent. Numbers may not add to totals due to rounding.

Includes \$74 million for Coffman Specialties.

Source: Keen Independent from data on ADOT and LPA contracts July 2007-June 2013.

Much of the participation of white women-owned firms on both FHWA- and state-funded contracts was one company — Coffman Specialties, a large San Diego general contractor. This company received more ADOT work than any other MBE/WBE: \$74 million during the study period.

Coffman Specialties appears to have once been WBE-certified in California in the 1990s, but according to FHWA staff, was denied DBE certification in Arizona within the past 15 years due to issues concerning ownership and control of the firm. Therefore, it might be appropriate to examine utilization without this company included as a WBE. Without Coffman Specialties, WBE utilization would be 4.5 percent of total FHWA- and state-funded contract dollars.

Disparity analysis results for minority-owned firms on FHWA- and state-funded contracts.

Minority-owned firms received 5.4 percent of combined FHWA- and state-funded contracts, a result that was below what might be expected from the availability analysis — 9.6 percent. The disparity occurred even with application of DBE contract goals on some FHWA-funded contracts in recent years. Figure ES-4 shows these results.

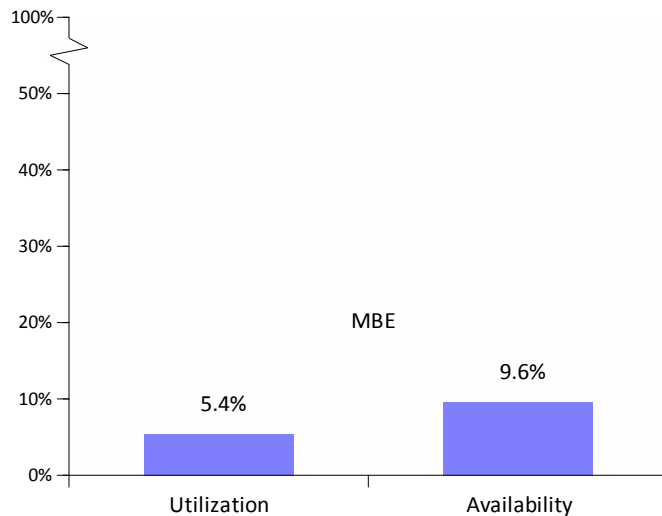
Figure ES-4.
MBE utilization and
availability for FHWA-
and state-funded
contracts,
July 2007-June 2013

Note:

Number of
contracts/subcontracts
analyzed is 13,506.

Source:

Keen Independent disparity
analysis.



Disparity analysis results for white women-owned firms on FHWA- and state-funded

contracts. WBEs received 6.0 percent of combined FHWA- and state-funded contracts when Coffman Specialties is included. This level of utilization exceeds the 4.7 percent utilization that might be expected based on the availability analysis for white women-owned firms in Arizona.

Without Coffman Specialties included as a WBE, white women-owned firms received 4.5 percent of combined FHWA- and state-funded contracts, somewhat below what might be expected from the availability analysis. (Coffman Specialties is not reflected in the availability analysis in either graph.)

Figure ES-5 shows utilization and availability results for white women-owned firms. The portion on the left side of the graph examines results including Coffman Specialties as a WBE and the portion on the right side shows results without including this firm as a WBE. As with the disparity analysis for MBEs, the results in Figure ES-5 are affected by past and current application of race- and gender-conscious programs.

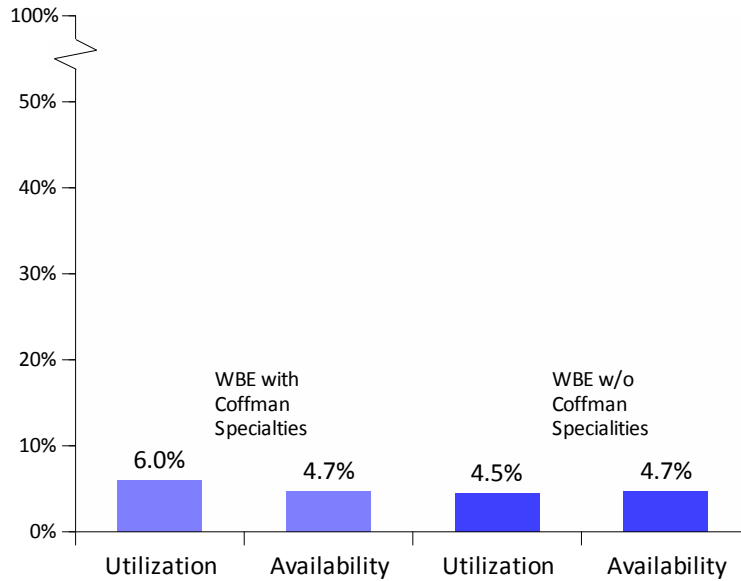
Figure ES-5.
MBE utilization and
availability for FHWA-
and state-funded
contracts,
July 2007-June 2013

Note:

Number of
contracts/subcontracts
analyzed is 13,506.

Source:

Keen Independent disparity
analysis.



Disparity analysis results by group. Keen Independent compared utilization and availability by calculating “disparity indices,” with a value of “100” indicating parity between utilization and availability. For example, the disparity index for minority-owned firms was 56 (5.4% divided by 9.6% times 100), which is a substantial disparity on FHWA- and state-funded contracts combined. Figure ES-6 shows disparity analysis results for each group. Disparity indices were the range of 34 to 66 for each MBE group, which means that there were substantial disparities for each group based on the utilization that might be expected from the availability analysis.

The results in Figure ES-6 are without inclusion of Coffman Specialties in results for WBEs. The disparity index is 95 (and would be 128 with inclusion of Coffman Specialties).

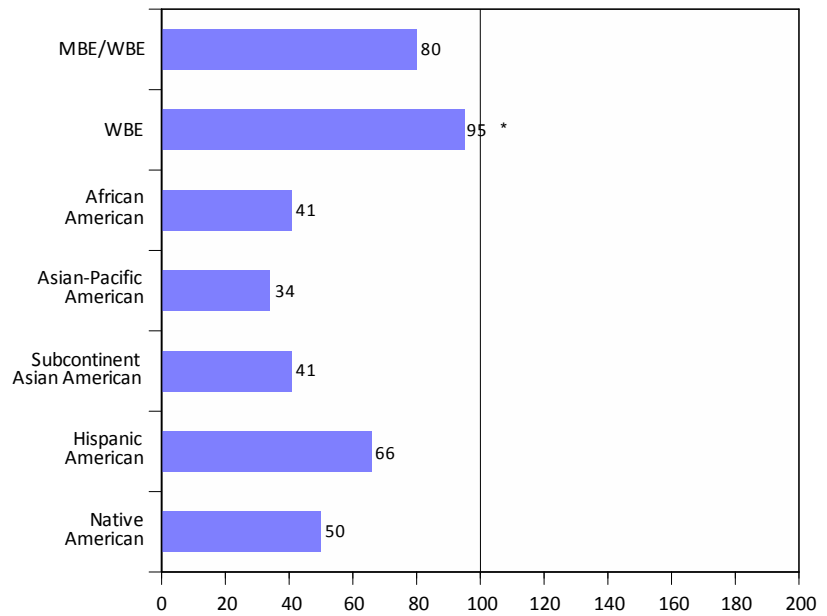
Figure ES-6.
Disparity indices for
minority-owned firms,
by group, for FHWA-
and state-funded
contracts,
July 2007-June 2013

Note:

Number of
contracts/subcontracts
analyzed is 13,506.

Source:

Keen Independent disparity
analysis.



* If exclude Coffman Specialties from the analysis

These disparities may be due, in part, to disadvantages MBE/WBEs face in the marketplace that put them at a disadvantage when pursuing ADOT work. However, ADOT contracting processes, especially related to prime contractors and prime consultants, may also contribute to these disparities.

MBE/WBEs obtained only 7 percent of prime contract dollars on ADOT FHWA- and state-funded contracts. Keen Independent's analyses of ADOT contracting processes, including case studies of past construction and engineering-related contracts, indicate the potential for ADOT procedures, such as contractor prequalification, contract bundling and consultant selection process to negatively affect small businesses, including minority- and women-owned firms, and favor established companies that have already had past success obtaining ADOT prime contracts.

Quantitative and qualitative information about the local marketplace. Federal courts have found that Congress “spent decades compiling evidence of race discrimination in government highway contracting, barriers to the formation of minority-owned construction businesses, and barriers to entry.”² Congress found that discrimination has impeded the formation and expansion of qualified MBE/WBEs.

As part of the 2014 Availability Study, Keen Independent conducted quantitative and qualitative analyses of conditions in the Arizona marketplace to examine whether barriers that Congress found on a national level also appear in Arizona. The study team analyzed whether barriers exist in the Arizona construction and engineering industries for minorities, women, and for MBE/WBEs, and whether such barriers might affect opportunities on ADOT and local agency transportation contracts.

² *Sherbrooke Turf, Inc. v. Minnesota DOT*, 345 F.3d, 970 (8th Cir. 2003) (citing *Adarand Constructors, Inc.*, 228 F.3d at 1167 – 76); *Western States Paving Co. v. Washington State DOT*, 407 F.3d 983, 992 (9th Cir. 2005).

Keen Independent examined conditions in the Arizona marketplace in four primary areas:

1. Entry and advancement;
2. Business ownership;
3. Access to capital, bonding and insurance; and
4. Success of businesses.

1. Entry and advancement. Keen Independent identified barriers for minorities and women entering and advancing within the Arizona construction and engineering industries, which negatively affected the number of minority- and women-owned construction and engineering-related companies in business today. In addition, underrepresentation of certain minority groups and women in the Arizona construction and engineering industries — particularly in supervisory and managerial roles — may perpetuate any beliefs or stereotypical attitudes that MBE/WBEs may not be as qualified as majority-owned businesses. Any such beliefs may make it more difficult for MBE/WBEs to win work in Arizona, including work with ADOT and local agencies.

2. Business ownership rates for minorities and women in the transportation contracting industry. Keen Independent identified disparities in business ownership rates for minorities and women that depress the relative number of minority- and women-owned firms available for ADOT construction and engineering work.

3. Access to capital, bonding and insurance on the transportation contracting industry. Bonding and insurance are required on most ADOT contracts, and firms must have access to capital to obtain bonding, to acquire equipment and expand operations, and to survive sometimes slow payment on public sector contracts. Potential barriers associated with access to capital, bonding and insurance may affect business outcomes for MBE/WBEs.

- There is some quantitative evidence that minorities do not have the same personal access to capital as non-minorities, which affects personal financial resources. Personal net worth and financial history can affect access to business loans, bonding and prequalification for public sector work in Arizona.
- Keen Independent identified disparities in personal and business lending for minorities and for minority- and women-owned firms. There was evidence of disparities in loan approval rates, failure to apply for loans due to fear of loan denial, lower values of approved loans and higher interest rates for minority- and women-owned firms.
- State law requires bonding to bid on ADOT and other public sector construction prime contracts. Interviewees report that bonding requirements sometimes affect subcontractors as well. Minority- and women-owned firms in Arizona were more likely to report bonding as a barrier than were majority-owned firms.

4. Success of businesses in the transportation contracting industry. Across time periods and data sources, Keen Independent's analyses indicated that minority- and women-owned construction and engineering firms in Arizona had lower revenue than majority-owned firms. This may indicate discrimination and it also demonstrates that any disadvantages for small businesses disproportionately affect MBEs and WBEs.

For example, one of the data sets the study team examined included personal characteristics of the business owner. Regression analyses using these data indicated that female business owners had lower earnings than male owners after controlling for other factors.

Success in the transportation contracting industry depends on relationships with prime contractors and customers. Some minority and female business owners interviewed in this study reported that they were disadvantaged by their size and lack of relationships within the industry. Some of the minority and female interviewees also reported negative stereotypes and other forms of discrimination against minority- and women-owned businesses in Arizona. Many minority, female and white male interviewees reported the presence of a "good ol' boy" network in Arizona that affects the construction and engineering industries, and some said that this negatively affects minority- and women-owned firms.

In sum, quantitative and qualitative information about the Arizona transportation contracting marketplace suggests that there is not a level playing for minority-owned firms or for women-owned firms.

C. Summary of Information Concerning Overall DBE Goals

As described earlier in this Executive Summary, Keen Independent compiled availability data through telephone interviews with businesses in Arizona. Only businesses reporting their qualifications and interest in ADOT and local agency transportation-related prime contracts and subcontracts were included in the final analyses. Keen Independent also collected detailed information for ADOT and local agency prime contracts and subcontracts from July 2007 through June 2013. To calculate availability of DBEs for a prime contract or subcontract, Keen Independent calculated:

- (a) Number of DBEs available for that type, size and location of work;
- (b) Total number of firms available for that work; and
- (c) Percentage DBE availability for that prime contract or subcontract, calculated by dividing (a) by (b).

Keen Independent then dollar-weighted the percentage DBE availability results for each prime contract and subcontract to develop overall availability figures for FHWA-, FTA- FAA- and state-funded contracts. Small prime contracts or subcontracts received the lowest weights and the largest contracts received the highest weights.

For FHWA-funded contracts, the overall DBE goal incorporates availability of currently-certified DBEs and non-certified minority- and women-owned firms that appear that they could be DBE-certified. Because of more limited information about potential DBEs, the goals for FTA- and

FAA-funded contracts are based on currently certified DBEs. (The full Disparity Study contains detailed information about these data, analytical methods and potential adjustment factors.)

Summary of results concerning overall DBE goals. Figure ES-7 summarizes potential goals and projections that ADOT might consider. As shown, information in the Disparity Study indicates an overall goal of 8.90 percent DBE participation in FHWA-funded contracts. Projections of neutral and race-conscious attainment are similar to what ADOT adopted on a preliminary basis on October 1, 2014. In this example ADOT would continue to use a DBE contract goals program for FHWA-funded contracts if it adopted this DBE goal and these projections.

Overall DBE goals would be higher for FTA- and FAA-funded contracts than ADOT's current goals, and ADOT might continue to rely on neutral measures to meet those overall goals.

Figure ES-7.

Information for ADOT consideration concerning potential overall DBE goals and projections of race-neutral for FHWA-, FTA- and FAA- funded contracts

Component of overall DBE goals	FHWA	FTA	FAA
Overall goal	8.90 %	4.87 %	7.25 %
Neutral projection	5.00	4.87	7.25
Race-conscious projection	3.90	0.00	0.00

Summary of information concerning projections. As part of developing an overall DBE goal, agencies such as ADOT must project the portion of their overall DBE goal that they expect to meet through race- and gender-neutral means, and race- and gender-conscious programs (if any). Race- and gender-neutral measures are initiatives that encourage the participation of all businesses, or all small businesses, and are not specifically limited to minority- or women-owned firms or DBEs. Agencies must determine whether they can meet their overall DBE goal solely through neutral means or whether race- and gender-conscious measures — such as DBE contract goals — are also needed.

The second and third rows of Figure ES-7 present the components of ADOT's overall DBE goals that might be met through neutral and through race-conscious programs based on information in this Disparity Study. The magnitude of the projections is less important than whether ADOT projects any amount to be met through race-conscious programs such as DBE contract goals.

Analysis of ADOT's recent race-neutral experience provides one way to make this projection. Key results behind each projection include:

- From July 2007 through June 2013, ADOT achieved 5 percent DBE participation on its FHWA- and state-funded contracts that did not have DBE contract goals.
- Based on data Keen Independent compiled for July 2007 through June 2013, ADOT's DBE participation for FTA-funded contracts (26.9%) and FAA-funded contracts (6.9%) exceeded the overall DBE goals for those contracts shown in Figure ES-7. Therefore, ADOT might reasonably expect to continue to meet its goals for these contracts solely through neutral means.

To narrowly tailor its operation of the Federal DBE Program, ADOT will need to consider Disparity Study results and other information when determining whether it will use DBE contract goals for FHWA-funded contracts. If ADOT does continue to use DBE contract goals, it will need to consider whether all DBE groups will be eligible to be counted toward meeting a contract goal or whether the contract goals program would be restricted to certain DBE groups. ADOT should consider the disparity analysis and the research on the Arizona marketplace provided in the full report when making these decisions.

D. Other Key Results

ADOT operates the Federal DBE Program in line with federal regulations, and has adopted innovative practices in areas including technical assistance, contract goal setting and prompt payment policies. The Disparity Study includes the following suggestions as ADOT and local public agencies continue to operate the Federal DBE Program on USDOT-funded contracts.

- ADOT has a strong supportive services program and should consider ways to further expand its efforts to provide technical assistance to DBEs and other small businesses. There are substantial disadvantages for these firms when competing in the Arizona transportation contracting marketplace.
- ADOT and local public agencies should consider the effect of some of their own contracting processes, such as contractor prequalification, contract bundling and consultant selection process and seek ways to remedy any negative effects on minority- and women-owned firms pursuing prime contracts.
- Many interviewees identified prompt payment as an issue in ADOT and other public agency contracting. Although ADOT has strong prompt payment policies, it and local agencies need to strengthen agency-wide processes to better ensure compliance. This will require increased educational efforts with prime contractors and subcontractors.
- Keen Independent reviewed whether there was overconcentration of DBEs in FHWA- and state-funded contracts. Although there was no overconcentration during the study period, ADOT should continue to monitor whether DBE contract goals place an undue burden on any non-DBE firms to participate in ADOT work.
- Some types of federally-funded contracts, especially Procurement, FAA-funded and LPA contracts, are not fully incorporated into ADOT's operation of the Federal DBE Program. ADOT should improve how it identifies and track these contracts for possible DBE contract goals, and captures information about DBE participation to ensure more accurate reporting of data to U.S. DOT. ADOT should also expand its collection and tracking of utilization information to encompass all minority- and women-owned firms, including on state-funded contracts.

- ADOT should continue to monitor participation of white women-owned firms in its FHWA- and state-funded contracts, and reexamine whether there are disparities for WBEs using more recent data.
- Further, ADOT should continue to monitor legal developments concerning the Federal DBE Program to ensure its program conforms to the findings of recent court cases.